

2010 DCA Qualified Allocation Plan
General Questions & Answers
Posting #11
July 16, 2010

1. If an existing property has a HAP/Section 8 contract with a remaining term of more than 10 years, and where the payment standard exceeds the maximum LIHTC rent limits may we elect to underwrite the deal using maximum LIHTC rents, for purposes of sizing debt and presenting the DCA application? We believe in the current economic environment that it may be prudent to adopt this approach, although the rents we would use would be different (i.e., less) than those presented in the HAP contract & documentation.

Response: The QAP states that “Projects that have a ten year commitment for PBRA will be underwritten utilizing Section 8 rents. Therefore, the pro forma should reflect those rents. A copy of the HAP contract should be submitted with the Application. As part of its sensitivity analysis, DCA will review and compare the resulting cash flow as well as the debt coverage ratio using the LIHTC rents as well as the HAP contract rents in evaluating the property.

2. We are preparing some applications to submit and we had a question about the deep targeting. What we are reading is that it restricts the property to the max tax credit rents on units used to get points for the deep targeting if it has a PBRA subsidy. Does that apply to Project Based HAP contracts or just to the tenant based vouchers and project based vouchers through the tenant based system and not through what we call regular section 8? The CFR referenced pertains to the voucher side and not the multi-family HAP.

Response: The “Deeper Targeting” scoring section (p.5 of 29, Appendix II, 2010 QAP) states that “Applications that agree to set gross rents and income limits for a specified number of low-income units at or below 30% of 50% AMI shall be awarded up to three points in this category”. It also states that “the *tenant portion of the rent* must not exceed the 50% rent restriction” in order to qualify for these points. Rent subsidies *other than* Sec. 8 must also meet the statutory requirements of the tax credit program. In addition, p. 3 of 46 of Appendix I states “Projects that have a ten-year commitment for PBRA will be underwritten utilizing Sec. 8 rents.” (Tenant based vouchers, as they are portable, should not be treated the same way as PBRA for either financial feasibility or scoring purposes.) Therefore, your interpretation is not correct.

3. Threshold Section 1(l) indicates that applicants proposing HUD funding for their properties may submit a letter stating that their projects are under “serious consideration” with their LIHTC applications, and wait to submit final commitment letters on or before September 30 (per the amended timeline). Does this also apply to HUD funding being originated by local governments (HOME or CDBG)?

Response: Yes.

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4. What are the credit prices that DCA has established notwithstanding what is available in the market place. I can not seem to find this in the information on the website.

Response: Please see DCA's response to Question #11, 2010 General Q&A Posting #9.

5. If doing a rural deal and as stated it must be 79 units or less, is that inclusive of market rate units. I am not clear on this point.

Response: All residential units are included in the calculation of this section. Therefore, you must include your market rate units.

6. If an entity acts as a guarantor or a consultant/guarantor on a deal but has no ownership and is not acting as a developer will the entity's LIHTC cap be affected?

Response: If the guarantor or consultant has no ownership interest and is not using its experience or compliance to meet DCA requirements, the ownership cap would not be affected.

7. Is there an "expiration date" on tenant data forms? If the tenant did one in say 2008, and still lives in the unit, can we use those TDFs or do new ones need to be executed?

Response: The relocation documentation must be the most recent information. Part of DCA relocation review is based on the past 90 days from the time of application.

8. Is there a Site Neighborhood Standards Certification form this year? I can't find one on the web site.

Response: The HOME Site and Neighborhood Standards Certification has been posted to the website. It can be found in the HOME Forms folder on the following website page:

<http://www.dca.ga.gov/housing/HousingDevelopment/programs/QAP2010docs.asp>

9. There isn't a tab for preservation documents on the tabs checklist. Where do we insert this information in the application?

Response: Please include all information without an assigned tab in Tab 39 which is reserved for all other documents.

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10. According to DCA Funding Round Update #50 projects that have submitted a request for HOME funds should try to find alternative financing options in the event they do not receive a HOME Consent on July 1st. However, since the HOME loan consent determination is being made before a thorough threshold review (i.e. a full market study determination, Phase I environmental study etc...), one or more of the projects awarded a HOME Funds consent may fail threshold. Would an application that applied for, but did not receive a pre-application Consent for HOME funds, be eligible to turn in an application reflecting HOME Funds as a source and thus be considered in the event a project awarded a HOME consent fails after further threshold review?

Response: Applicants cannot use DCA HOME funds as a funding source without a HOME consent. In the event a project selected for a consent is not selected for funding, DCA may elect to publish a NOFA for available funds. Please note that DCA awarded HOME consents in excess of available HOME funds to account for this possibility.

11. Are we required to submit IRS Form 8821 for each entity listed on the compliance history summary with our performance workbook or is this information only required to be submitted upon the request of DCA?

Response: IRS Form 8821 does not need to be submitted at the time of application. DCA reserves the right to request this form at any time during the review and award process.

12. Regarding the potential points for promoting Neighborhood Stabilization by developing a foreclosed parcel, would a parcel that was previously foreclosed upon by bank, then purchased by an entity unrelated to the Applicant and then purchased by the Applicant be eligible to claim these points? Or would the fact that the Applicant isn't purchasing the property from the entity that foreclosed on the land keep us from being eligible for these points.

Response: In order to be eligible for those points, the property must be held by the foreclosing party. If it has already been purchased, it would not be eligible.

13. My company is working on submitting an application for the July 22 funding round at DCA. Our total development cost is over the per unit maximum established by DCA. We believe we can justify the expense, because we're proposing not only a high quality subdivision, but our homes will incorporate a solar energy component to benefit the residents. However, I'm hearing that even if we're awarded tax credits, we may only receive the amount of credits

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associated with the maximum development cost allowable. Is this the case, even if we're incorporating a renewable energy component?

Response: Tax credit allocations will be based on the lesser of the Total Development Cost or the base per unit cost limit, with the exception of historic rehabs and brownfields projects as noted in the Appendix I Threshold Criteria M. If the cost exceeds these limits, and documentation justifying the increase is submitted, DCA may allow the cost as long as there are additional sources of funding available.

14. Page 14 of the 2010 QAP explains which projects (not located in a DDA or QCT) are eligible for the state designated basis boost and DCA's response to question #7 of Q&A #9 DCA includes:

"...an applicant who applies for such basis boost for the 2010 round will need to include documentation in the application explaining why the basis boost is needed and which eligibility criteria the application meets for such basis boost." Are there any other items (other than an explanation explaining why the basis boost is needed and which eligibility criteria the application meets) required to explain this request? Under which Tab in the Application binder should this explanation (and any other documentation that is needed) be located?

Response: As each deal is different, DCA will not prescribe what will be needed for the explanation for why the basis boost is needed; typically there should be some calculation showing a specific basis boost (for example 5%, 12%, or 30% boost) is needed. Submit other documentation, if any, you deem necessary to support your request and for DCA to understand your rationale of your request. All documentation related to your state designated basis boost should be placed under Tab 39 in the Application binder.

15. Are schematic building drawings and drawings of typical units a requirement.

Response: A conceptual site development plan is required with the application; drawings of typical units are not required. However, DCA may ask for unit details during the clarification process. Please find the requirements of the conceptual site development plan in the Architectural Submittal Manual:

<http://www.dca.ga.gov/housing/HousingDevelopment/programs/downloads/2010QAPDocs/2010%20OAH%20Manual/2010%20Manuals%20and%20Forms/B.%20Architectural/Manuals/Architectural%20Standards/2010%20Architectural%20Manual%20-%20Submittal%20Instructions.doc>

16. Is a breakout in detail of construction costs a requirement and if so is there a

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template for this? Is a sign off of construction estimates by the general contractor a required certification?

Response: A breakout detail of construction costs is a requirement for all projects proposing rehabilitation. The form for inputting work scope and construction costs for rehabilitation projects can be found in the 2010 manuals and forms section of the website:

<http://www.dca.ga.gov/housing/HousingDevelopment/programs/downloads/2010QAPDocs/2010%20OAH%20Manual/2010%20Manuals%20and%20Forms/B.%20Architectural/Forms/2010%20PNA%20Forms/10.%20Work%20Scope%20Format.xls>

Signoff by a general contractor is desired but not required.

17. QUESTION: To obtain a compliance score, don't we need to submit a new performance workbook in its entirety? It's just not clear what is not to be submitted.

Response: To receive a compliance score each project participant must submit an updated Compliance History Summary (CHS). The Compliance History Summary can be found in the Performance Workbook at www.dca.ga.gov/housing/HousingDevelopment/programs/downloads/2010QAPDocs/2010%20OAH%20Manual/2010%20Manuals%20and%20Forms/C.%20Compliance/Manuals/2010%20OAH%20Performance%20Workbook.xls All audits up to April 1, 2010 must be included on the CHS. The appropriate questionnaires, a copy of the organizational chart and copies of Authorization for Release of Information (Multi-State Release Forms) must also be included in the submission. These forms should be returned directly to DCA by the appropriate state agencies. IRS Form 8821 does not need to be submitted at the time of application. DCA reserves the right to request IRS Form 8821 at any time during the review and award process.